Supreme Court, U. S.
FILED
APR 24 1980
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-1680

IDEAL INDUSTRIES, INC.,

Respondent,

vs.

GARDNER BENDER, INC.,

Petitioner.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

George H. Solveson
735 North Water Street
Milwaukee, WI 53202
Attorney for Petitioner

Glenn O. Starke
Gary A. Essmann
ANDRUS, SCEALES, STARKE & SAWALL
Richard A. Kranitz
Of Counsel

TABLE OF CONTENTS

PAGE

Opinions Below 1
Jurisdiction 2
Questions Presented 2
Constitutional Provision 2
Statement of the Case 2
Reasons for Granting the Writ 7

1. The decision below conflicts with principles established in this Court and uniformly followed by the Courts of Appeal by abolishing the long standing principle that in order for a series of number-letter designations to achieve trademark status, they must first be shown to have been primarily adopted for use as trademarks 8
2. The law relating to the grant of preliminary injunctive relief articulated by the decision below is sufficiently important and erroneous to merit correction by this Court 17

A. The decision below conflicts with principles established in this Court and uniformly followed by the Courts of Appeal by abolishing the heavy burden of proof placed upon a movant claiming common law trademark rights 17
B. The preliminary injunction should not have been granted where "unique issues in the law of trademarks" are involved 19
C. The Court below totally misapplied the law with respect to irreparable harm, balance of hardships and status quo by granting the preliminary injunction 20

Conclusion 24

Appendices:

A. Opinion in Ideal v. Gardner (7th Cir. 1979) 612 F. 2d. 1018, 204 U.S.P.Q. 177 .....
B. Opinion in Ideal v. Gardner (E.D. Wis. 1979) 204 U.S.P.Q. 38 .....

TABLE OF AUTHORITIES

Cases: PAGE

Allan Wood Steel Co. v. Watson, 150 F.Supp. 861 (D.D.C. 1957) 19

Allison v. Froehlke, 470 F.2d. 1123 (5th Cir. 1972) 23

American Heritage Insurance Co. v. Heritage Co., 182 U.S.P.Q. 77 (5th Cir. 1974) 19

Amoskeag Mfg. Co. v. Trainer, 101 U.S. 51, 25 L.Ed. 993 (1879) 9

Armco Steel Co. v. Watson, 188 F.Supp. 554 (D.D.C. 1960) 14

Blaich v. National Football League, 212 F.Supp. 319 (S.D.N.Y. 1962) 23

Campbell Soup Co. v. Armour & Co., 3 Cir. 175 F.2d. 795 12

Carter-Wallace, Inc. v. Procter & Gamble Co., 167 U.S.P.Q. 713 (9th Cir. 1970) 18

Chase Brass & Copper Co. v. Chase Metalcraft Corp., 19 F.Supp. 966 (S.D.N.Y. 1948) 21

Clairdale Enterprises, Inc. v. C I Realty Investors, 423 F.Supp. 261 (S.D.N.Y. 1976) 23

Clairol Incorporated v. Gillette Company, 389 F.2d 264 (2d Cir. 1968) 15

Coats v. Merrick Thread Co., 149 U.S. 562, 13 S.Ct. 966, 37 L.Ed. 847 (1893) 9

Columbia Mill Co. V. Alcorn, 150 U.S. 460, 14 S.C Ct. 151, 37 L.Ed. 1144 (1893) 8

Deering Harvester Co. v. Whitman & Barnes Mfg. Co., 91 F. 376 (6th Cir. 1898) 14

Dennison Manufacturing Co. v. Scharf Tag, Label & Box Co., 135 F. 625 (6th Cir. 1905) 11, 13

Dymo Industries, Inc. v. Tapeprinter, Inc., 326 F. 2d. 141 (9th Cir. 1964) 17

Diamond Match Co., v. Safe Harbor Match Co., 109 F. 154 (E.D. Penn. 1901) 19

Ex parte Estabrook Pen Co., 109 U.S.P.Q. 368, (Comr. Pats. 1956) 13

Farm Service, Inc. v. U.S. Steel Corp.,
149 U.S.P.Q. 861 (Idaho S.Ct. 1966) 19
Fisher v. Holiday Inn of Rhinelander, Inc.,
181 U.S.P.Q. 794 (Wis. Cir. Ct. 1974) 21
Fram Corporation v. Boyd, 230 F.2d 931
(5th Cir. 1956) 12
Gillette Co. v. Ed Pinaud, Inc.,
178 F. Supp. 618 (S.D.N.Y. 1959) 20
Helene Curtis Industries v. Church & Dwight Co.
560 F2d 1325 (7th Cir. 1977) 21
In Re Rockwell-Standard Co., 169 U.S.P.Q. 445
(TTAB, 1971) 18
In re Standard Kollsman Industries, Inc.,
156 U.S.P.Q. 346 (TTAB 1967) 15
James Heddon's Sons v. Millsite Steel & Wire
Words, Inc., 6th Cir. 128 F.2d. 6 12
Kraft Phenix Cheese Corporation v. Levin,
29 F.Supp. 813 (E.C. Penn 1939) 19
K-S-H Plastics, Inc. v. Carolite, Inc.,
408 F.2d 54 (9th Cir. 1969) 11
Kellogg Co. v. National Biscuit Co., 305 U.S. 111,
59 S.Ct. 109, 83 L.Ed. 73 (1938) 19
La Chemise Lacoste v. General Mills, Inc.,
487 F.2d. 312,314 (2d Cir. 1973) 12
Life Savers Corp. v. Curtiss Candy Co.,
7th Cir., 182 F.2d. 4 19
McCormick & Company v. Summers, 354 F.2d. 668
(CCPA 1966) 23
Merrill Lynch, P.F. & Smith, Inc. v. E.F. Hutton,
Inc., 403 F.Supp. 336 (E.D.Mich. 1975) 23
Mount Sinai Med Center of Greater Miami, Inc. v.
Mathews, 425 F.Supp. 4 (S.D. Fl. 1976) 23
Munters Corp. v. Burgess Industries, Inc.,
535 F.2d. 210 (2nd Cir. 1976) 20
Peter Pan Foundations v. Beau-Bra Foundations,
125 F.Supp. 637 (S.D.N.Y. 1955) 21
Programmed Tax Systems, Inc. v. Raytheon,
419 F.Supp 1251 (S.D.N.Y. 1976) 19

Ralston Purina Company v. Thomas J. Lipton,
Inc., 341 F.Supp. 129 (S.D.N.Y. 1972) 19
Roselux Chemical Co. v. Parsons Ammonia Co.,
299 F.2d. 855 (CCPA 1962) 19
Selchow & Righter Co. v. Book-of-the Month Club,
Inc., 192 U.S.P.Q. 530, 533 (S.D.N.Y. 1976) 21
State of Texas v. Seatrain, International,
S.A., 518 F.2d. 175 (5th Cir. 1975) 23
Time Mechanisms, Inc. v. Qonaar Corp.,
422 F.Supp. 905, 911 (D.N.J. 1976) 17
W.A. Mack, Inc. v. General Motors Corporation,
260 F.2d. 886 (7th Cir. 1958) 23
W.E. Bassett Co. v. Revlon, Inc., 435 F.2d.
656, 661 (2d. Cir. 1970) 17, 18
Willheim v. Investors Diversified Services, Inc.,
303 F.2d. 276 (2d Cir. 1972) 20
William H. Keller, Inc. v. Chicago Pneumatic
Tool Co., 298 F. 52 (7th Cir. 1923), cert.
denied, 265 U.S. 593, 44 S.Ct. 637,
68 L.Ed. 1196 (1924) 9
Yale Electric Corp. v. Robertson, 26 F.2d. 972
(2d Cir. 1928) 21

Statutes:
Title 15, United States Code, Section 1057b 18
Title 28, United States Code, Section 1254(1) 2

Other Authorities:
1 J.T. McCarthy, Trademarks and Unfair Competition,
§ 11.15, pp 371-372 15

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No.

IDEAL INDUSTRIES, INC.,

Respondent,

vs.

GARDNER BENDER, INC.,

Petitioner.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner Gardner Bender, Inc. ("Gardner") respectfully prays that a writ of certiorari be issued to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above proceeding.

OPINIONS BELOW

The Opinion by the Court of Appeals is reported at 612 F.2d. 1018, 204 U.S.P.Q. 177. It is printed in Appendix A hereto.

The Opinion of the District Court which was reviewed is reported at 204 U.S.P.Q. 38. It is printed in Appendix B hereto.

JURISDICTION

The Judgment of the Court of Appeals was dated and entered November 19, 1979 and rehearing was denied on January 28, 1980. Jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

QUESTIONS PRESENTED

1. Whether the Court below erroneously granted a preliminary injunction through the abolishment of the primary adoption test to improperly permit exclusive trademark rights in a series of industry accepted size indicators for electrical connectors, namely 71B, 72B, 73B, 74B, 76B, and 78B.

2. Whether the Court below erroneously granted a preliminary injunction based on so-called "unique issues in the law of trademarks", through the abolishment of the heavy burden of proof on movant, and by erroneously assessing irreparable damage, the balance of hardships, and the status quo.

CONSTITUTIONAL PROVISION

The Fifth Amendment to the Constitution of the United States provides, insofar as it is pertinent here, that "No person shall . . . be deprived of . . . property, without due process of law."

STATEMENT OF THE CASE

Many years ago, Ideal adopted and used a numeral letter series, namely 71B, 72B, 73B, 74B, 76B and 78B, solely to designate the different sizes and models of a series of otherwise substantially identical electrical connectors commonly used by electricians, manufacturers, etc. Ideal stated to the Court below:

> ". . . the 71B series . . . was not initially adopted and used as a trademark. . ."

The 71B series was not adopted as a trademark, but rather was used by Ideal and the trade as merely a designation of size. Ideal stated to the Court below:

> ". . . these designations were used by Ideal and the trade as merely a designation of size or model."

Ideal did not apply the 71B series to the ends of its connectors for use as trademarks, but rather as type designations intended primarily to identify a particular design for the connector as required by the regulations of Underwriters Laboratories, Inc. The U.L. Reg. No. 78 and 78A provides:

> "The marking on a connector shall include the manufacaturer's name or trademark and . . . the type . . . designation."
>
> ***
>
> "The type designation is intended *primarily* to identify a particular design. . ." (emphasis added)

Ideal did not apply the 71B etc. designations to its cartons or labels for use as trademarks, but rather used the term "model" adjacent thereto to designate only the size of its connectors. Ideal's President testified:

> "Q. What does the term "Model" mean? Is that a size or grade designation, or what meaning does it have? A. I don't know. It refers to 74B. Q. And that's a size designation? A. Yes."

Ideal has not used the 71B etc. designations in its catalogs as trademarks, but rather only as size and model designations. Ideal stated to the Trademark Office:

> "In that catalog the designations "71B", etc. are used as size or model designations. In fact, use in a catalog does not qualify as a technical trademark use."

By the time Gardner entered the marketplace with its new line of connectors, the industry had commonly accepted the 71B etc. designations as standard size indicators

for a line of substantially identical electrical connectors which only differed in size.

Ideal's principal competitors, namely Hi Scale and Holub, have widely used the 71B series as size designations for a substantial period of time. The labels of both Holub and Hi Scale prominantly display the 71B etc. series to designate the size of their connectors.

The various distributors, including the distributors which are customers of Ideal, all stated that the 71B. etc. terms designate or indicate the size of electrical connectors.

No one claimed that the 71B etc. designations were trademarks, until Ideal initiated the present suit and filed a series of applications before the Trademark Office in or about April and May of 1976.

Prior to the stay of the Trademark Office proceedings subject to the resolution of this case, the Trademark Office initially rejected such applications on the ground that the 71B etc. terms were not trademarks, but were rather model designations.

After reviewing substantially the same customer testimony as considered by the District Court below, the Trademark Office again rejected Ideal's applications on the ground that the 71B etc. terms were not trademarks but rather were model and size designations commonly used throughout the trade. The U.S. Trademark Office stated:

> "The affidavits submitted by applicant have been carefully considered, but the mark "74B" is still believed to be a size or model designation rather than a trademark for applicant's goods.

It would appear the "74B" is being used as a model or size designation not only by applicant but by several other manufacturers of electrical connectors as well. Enclosed are photocopies of packaging and advertising materials — applicant's as well as competitors' — that show use of "74B" as a model designation.

"The refusal to register on the ground that the matter presented for registration is a mere size or model designation and not a trademark is continued."

The customer testimony submitted by Ideal failed to contain any assertion that the 71B etc. terms were looked upon as trademarks or that their "primary" meaning or significance was source or origin rather than the product, i.e. its size. One customer, Olin B. Blocker, who was cited by the Court below as typical of other testimony, stated:

> "Q. What does the series of designations signify to you? A. The size of the wire nut."

In fact, no where in Ideal's briefs or statements before the Court has Ideal ever contended that the primary significance of the 71B etc. terms is source or origin rather than the product, i.e. its size.

The evidence, taken individually and in combination, overwhelmingly supports the ultimate fact that the 71B etc. designations are recognized throughout the industry as common industry-wide accepted size designations for electrical connectors.

Ideal first learned of Gardner's intent to enter the market in October of 1975 but did not make any objection to Gardner until it filed suit in May of 1976.

Further, Ideal failed to file its brief and exhibits in support of its motion for Preliminary Injunction until January 21, 1977, more than one year after Ideal first learned of Gardner's intention to use the 71B etc. series with respect to its electrical connectors, and more than nine months after Ideal had filed the suit. Gardner had substantially completed its expensive molds without any objection from Ideal and had entered into a wide scale production which resulted in substantial inventories to satisfy the needs of Gardner's customers.

On June 10, 1977, the District Court held a hearing and reviewed most of the evidence in this case and thereafter refused Ideal's summary judgment motion with respect to Gardner's second counterclaim.

Thereafter, Ideal made no formal motion to advance its preliminary injunction motion for hearing. Approximately thirty-nine months after Gardner had entered the market with the 71B etc. designations, the Distrct Court entered an order to require Gardner to permanently deface and modify its expensive four hundred molds, to render valueless a substantial inventory evaluated at approximately one-half of Gardner's net worth, to require that all connectors be recalled from Gardner's distributors, to irreparably damage Gardner's relations with its dealers, to create substantial replacement costs, and to prevent Gardner from informing its customers of the customary sizes of its electrical connectors.

Gardner has never used the 71B etc. series as trademarks, but only to designate the type and size of connectors. With respect to its connectors, Gardner only uses the 71B etc. terms to satisfy the UL regulation that a type designation be used to primarily identify a particular connector design [UL Reg. §78 (a)].

While the regulations of Underwriters Laboratories also require that a trademark be placed upon the ends of the connectors, Gardner has employed its distinctive trademark "GB" on its connectors while Ideal has used its registered trademark "Ideal" on its connectors. In either case, neither Gardner nor Ideal has used the 71B series upon their connectors as trademarks.

Gardner also placed the 71B etc. designations upon its cartons and labels within the ordering information area along with other descriptive information including the number of connectors in the carton, the corresponding catalog number, etc. to inform the customer of the connector style and size. In all cases, Gardner's labels bear Gardner's "GB" trademark prominently, in addition to Gardner's distinctive logo.

Further, Gardner did not employ the 71B designations in its catalog as trademarks, but rather to designate the style and size of the connectors to inform the customer of the characteristics of the product.

On November 19, 1979, the United States Court of Appeals for the Seventh Circuit affirmed with modification the District Court's preliminary injunction order by holding that the District Court could properly "infer" that the 71B series had acquired secondary meaning to justify trademark protection, notwithstanding Ideal's failure to meet the primary adoption test.

REASONS FOR GRANTING THE WRIT

The reasons why this writ should be granted are:

that otherwise, the abolishment of the long standing primary adoption test by the Court below will have a deleterious impact and effect upon the commercial practices of all industries in the United States with respect to the continuance and formation of industry wide numbering systems commonly relied upon by consumers to compare prices between otherwise similar products; and

that otherwise Gardner, without fair opportunity for trial on the merits, will be deprived of valuable property by the misapplication of substantive law in a fundamental area in contravention of the legal principles laid down by this Court.

1. The decision below conflicts with principles established in this Court and uniformly followed by the Courts of Appeal by abolishing the long standing principle that in order for a series of number-letter designations to achieve trademark status, they must first be shown to have been

primarily adopted for use as trademarks.

Heretofore, this Court and the various Circuits uniformly held that in order for a party to claim exclusive trademark rights in a series of numerals or numeral-letter designations for a series of substantially identical products, it must first demonstrate that such series of designations have been primarily adopted for use as trademarks, rather than to designate some feature or characteristic of the product itself. If a party meets the primary adoption test and the numbering series is found to specifically describe a characteristic or ingredient of the article, then such party must meet the second test, namely of showing that such terms have acquired secondary meaning.

In this case, the Court below abolished the long standing primary adoption rule and held that the District Court could "infer" that the 71B series numbers had acquired secondary meaning.

The decision below will have grave consequences upon the commercial activities of almost all companies which have primarily adopted extensive numbering and lettering systems to designate their products to distinguish between different sizes, styles, grades, quality, etc. Ideal did not adopt and use the 71B series as trademarks, but rather the designations were solely adopted and used by Ideal and the trade to designate the size and model of the connectors.

This Court has spoken quite clearly concerning the primary adoption rule which the Seventh Circuit has now abolished. In *Columbia Mill Co. v. Alcorn*, 150 U.S. 460, 14 S.Ct. 151, 37 L.Ed. 1144 (1893), this Court stated at page 463:

> ". . .if the device, mark, or symbol was adopted or placed upon the article for the purpose of identifying its class, grade, style, or quality, or for any purpose other than a reference to or indication of its ownership, it cannot be sustained as a valid trademark."

In *Coats v. Merrick Thread Co.*, 149 U.S. 562, 13 S.Ct. 966, 37 L.Ed. 847 (1893), this Court stated (at 37 L.Ed. 852):

> ". . . it is clear that **no such monopoly could be claimed of mere numerals, used descriptively, and therefore not capable of exclusive appropriation because they represent the number of the thread, and are therefore, of value as information to the public,** *Amoskeag Mfg. Co. v. Trainer*, 101 U.S. 51 (25:993). Clearly, the plaintiffs cannot, as patentees, claim a monopoly of these numerals beyond the life of the patent and it is equally clear, that, where used for the purpose of imparting information **they are not susceptible of exclusive appropriation as a trademark,** but are the common property of all mankind." (emphasis added)

In *Amoskeag Mfg. Co. v. Trainer*, 101 U.S. 51, 25 L.Ed. 993 (1879), this Court stated at page 54:

> ". . . letters or figures which, by the custom of traders, or the declaration of the manufacturer of the goods to which they are attached are only used to denote quality, are incapable of exclusive appropriation; but are open to use by anyone, like the adjectives of the language."

Even the Seventh Circuit prior to this case followed the primary adption rule set forth by this Court. Thus, in *William H. Keller, Inc. v. Chicago Pneumatic Tool Co.*, 298 F. 52 (7th Cir. 1923), *cert. denied*, 265 U.S. 593, 44 S.Ct. 637, 68 L.Ed. 1196 (1924), the Seventh Circuit stated at page 59:

> "There can be no question but what [sic] a number may become a good trademark, if its primary adoption be solely to indicate origin. On the other hand, if the figures indicate a grade or a quality only, they may not be the basis for a valid trade-mark."

In *Keller*, supra., the Seventh Circuit held that although the figures "50", "60", "80" and "90" were federally regis-

tered as trademarks, their primary adoption was not solely to indicate origin and therefore they were not trademarks.

In this case it is undisputed that the 71B series designations were adopted and used by Ideal and the trade over the years to solely indicate the model and size of electrical connectors and were not considered to be trademarks by either Ideal or the trade. The Seventh Circuit stated:

> "The 71B series numbers are not"arbitrary" marks in the trademark sense. Although the numbers were chosen arbitrarily in the sense that they do not refer directly to a characteristic of the connectors, the progression of numbers was adopted, and is currently used, to describe the relative sizes of the connectors."
>
> ***
>
> "The 71B series numbers had no descriptive meaning prior to their use by Ideal. However, over time they came to have a descriptive meaning which apparently is recognized and used throughout the market."
>
> ***
>
> "Ideal's distributors said it indicates size, and Ideal's competitors only use it to indicate size. Even the affidavits submitted by Gardner declared that the designations indicated the size of the connectors."

Even Ideal's own legal counsel admitted that when he first became involved in this case, his initial reaction was that numbers and letters could not be trademarks. Specifically, Ideal's counsel stated:

> "My first reaction when I took a look at this is numbers and letters couldn't be trademarks, an instinctive layman's reaction, I guess." Hearing Transcript, pages 28-29.

Thus when Ideal's own legal counsel initially had a layman's reaction that numbers and letters such as the 71B

series designations could not be trademarks, how could it be expected that a non-legal layman, such as Gardner, should have any other reaction.

Various other circuits have also followed the primary adoption rule set forth by this Court.

The Ninth Circuit applied the primary adoption rule in *K-S-H Plastics, Inc. v. Carolite, Inc.*, 408 F.2d 54 (9th Cir. 1969), where it held that the alpha-numeric symbols K-4, K-5, K-11 and K-12 were not used to primarily designate origin but were rather used as pattern designations and therefore generic. The Court stated at page 59

> ". . .the trial court's finding that the symbols had become **generic terms designating pattern and not producer** is fully supported by the evidence. A number of fixture manufacturers testified that K-numbers **had become a shorthand industry expression for a given panel configuration.** Some fixture manufacturers actually quoted K-numbers as a part of their catalog alphanumeric designation for certain types of light fixtures." (emphasis added)

The Sixth Circuit in *Dennison Manufacturing Co., v. Scharf Tag, Label & Box Co.*, 135 F. 625 (6th Cir. 1905), applied the primary adoption rule and held that a series of arbitrarily selected numerals, namely 2001, 2002, 2003, 2004, 2005, 2006 and 2007, as applied to seven sizes or shapes of labels and tags for designating the color and size of the labels, were not trademarks. The Sixth Circuit recognized that the series of arbitrarily selected numeral designations, as in the present case, were used in distinguishing or designating the style, color and size of each label by a separate numeral. The Court stated at page 630:

> "But in this case all of these difficulties are magnified because the complainant has not adopted one sign, symbol, or numeral as an unchanging indicia of

origin, but a multitude of arbitrary numbers, one such number being applied to each article made by it which is distinguishable from like articles of its manufacture by reason of size, shape, color of border, or the purpose for which it was designed. . . Extend this system of distinguishing each style, color, and size of label by a separate numeral, and how is it possible that such a scheme can serve the office of designating the Dennison Company as the common source of origin? But that is precisely what the complainant insists it has done, and for such a multitude of numerals it is seeking protection as valid trademarks."

In refusing to recognize the series of arbitrarily selected numerals as trademarks, the Sixth Circuit stated at page 633:

"The **usual office of a number,** whether one of a series or one arbitrarily selected, **is to indicate grade, quality, quantity, or some other characteristic.** These numbers having been adopted and used for the ordinary purpose of a numeral **could point to origin only in a secondary way,** and used in this sense **they are not good trademarks."** (emphasis added)

The Fifth Circuit in *Fram Corporation v Boyd,* 230 F.2d 931 (5th Cir. 1956), applied the primary adoption rule and held that the designations C-4, C-21, C-100, C-130 and C-134 were used to identify five different sizes of oil filter replacement cartridges and thus were not subject to a trademark monopoly. The court stated at page 934:

"Finally, and as to the claim of infringement of common-law trademark, we think it is plain that colors or a combination of colors of themselves are not subject to trademark monopoly, *Life Savers Corp. v. Curtiss Candy Co.,* 7th Cir., 182 F.2d. 4, *Campbell Soup Co. v. Armour & Co.,* 3rd Cir. 175 F.2d. 795, and *James Heddon's Sons v. Millsite Steel & Wire Words, Inc.,* 6th Cir. 128

F.2d. 6. Neither are numerals or symbols when used to designate size or capacity. *Dennison Mfg. Co. v. Scharf Tag, Label & Box Co.,* 6th Cir. 135 F. 625".

The Patent Office in *Ex parte Estabrook Pen Co.,* 109 U.S.P.Q. 368, (Comr. Pats. 1956), applied the primary adoption rule and held that a series of style numbers such as 2668, 2555, 1551, 9559, 9668, 2556, 1550 and numerous others were not trademarks. Estabrook used the trademark "Estabrook" on its penpoints, it adopted different combinations of numerals to differentiate each of its styles of points from the others, it advertised the numbers as style numbers, the ordering and invoicing of Estabrook's penpoints was by the style number, and the users of Estabrook's pens knew that when they bought an "Estabrook" point number as a replacement they would get the same style as the previous style number. Twelve affidavits from longtime dealers in "Estabrook" pens stated that they had never known of any other company using "2668" on a pen, that "2668" was recognized in the trade as a pen point made only by Estabrook, and that when resale customers asked for a "2668" pen point, they understood that they were getting a point made exclusively by Estabrook. It was noted that at no time had the number "2668" been featured in any manner different from the other style numbers. It was held that the style numer "2668" did not perform the function of a trademark. The Commissioner stated at page 370:

"Applicant uses "2668" as a style number and advertises it as a style number; and in light of all the evidence submitted, it must be concluded that it is recognized and used by purchasers — both dealers and the public — as a style identification of one of applicant's "Estabrook" pen points. **The number "2668" does not,** on the record here, appear to be used as or **perform the function of a trademark."** (emphasis added)

Because Estabrook failed to meet the primary adoption test, the Patent Office was not required to consider the evidence of secondary meaning submitted by Estabrook.

The Sixth Circuit in *Deering Harvester Co. v. Whitman & Barnes Mfg. Co.*, 91 F. 376 (6th Cir. 1898), recognized that a series of numeral/letter designations, i.e. "F-13", "B-410", etc., which were originally adopted and used for no other purpose than to conveniently designate the size, shape and capacity of an article and distinguish it from other parts, sizes, shapes and adaptability with no intention or expectation to thereby indicate its origin of manufacture could not become trademarks. The Sixth Circuit correctly recognized that the inherent function of such a series of designations in their customary use is primarily to designate a feature of the connectors and any indication of origin is purely accidental. The Sixth Circuit stated at page 380:

> "Any office which these marks perform as designations of origin is purely accidental. The fact that no two distinct parts in the same machine bear the same numerals is altogether persuasive of the fact that their purpose is not that of indicating the producer. Without explanation, such a multitude of different marks would convey no meaning. When explained, as they always have been and always must be, the explanation is that they are intended to designate size, shape, and place in the machine, and are to be used to distinguish one piece or part from another having a different function. This purpose does not tend, in any but the most remote way to indicate the producer or maker."

The authority cited by the Court below does not support the abolishment of the primary adoption rule. Quite to the contrary, such authority supports petitioner's view that the primary adoption test should be applied in all cases.

In *Armco Steel Co. v. Watson*, 188 F.Supp. 554 (D.D.C. 1960), the Court noted in an oral decision that the

numeral-letter designations were adopted by the claimant with the intention "to designate the particular brands" as trademarks. The claimant also had licensed others under such trademarks. Because such terms were merely descriptive of the product or characteristics thereof, the claimant also had to satisfy the second test, namely of proving secondary meaning.

In re Standard Kollsman Industries, Inc., 156 U.S.P.Q. 346 (TTAB 1967) did not involve the issue of whether the letter-numeral designations were valid trademarks, but rather decided the issue of infringement by another designation. Obviously, the Trademark Office had previously found that the primary adoption test had been met with respect to the designations.

The Second Circuit's decision in *Clairol Incorporated v. Gillette Company*, 389 F.2d 264 (2d Cir. 1968) does not stand for the proposition cited by the Seventh Circuit. Quite to the contrary, the Second Circuit held that the term "Innocent Beige" was not a trademark and denied the grant of a preliminary injunction. The Second Circuit stated at pages 270-271:

> "Clairol seems to contend that any grade or style mark which is intended to also serve as a trademark will receive protection. We do not think that the opinion in Kiekhaefer lays down any such proposition."
>
> ***
>
> "We are cited to no cases in which a color or shade designation has been held (at any level) as a valid trademark."

Even the *McCarthy* treatise cited by the Court below indicates that letters and numerals which are adopted as designations of a particular style or grade are not valid trademarks. 1 J.T. McCarthy, *Trademarks and Unfair Competition*, § 11.15, pp. 371-372 states:

"It has been held from an early date that words, letters, numbers and symbols which are used as designations of a particular style or grade of product are not valid trademarks in that they do not serve the function of identifying and distinguishing the goods (not grades) of this seller from those of others. The term "grade" designation has been held to be synonymous with "model designation," "type designation," "style designation," "flavor designation," "color and shade designation," and any other designation which may be used by a manufacturer or seller to differentiate one product in his line of goods from the other therein, rather than to identify such goods and distinguish them from like goods of other sellers."

In conclusion, the authority relied upon by the Court below does not support its proposition that the primary adoption rule should be abolished with respect to whether numerals or numeral-letter designations such as the 71B series in question should be deemed to be common law trademarks.

The Court below totally ignored the strong public interest against permitting a monopoly of numerals or numeral-letter designations which, as in this case, have been commonly used throughout the industry to indicate common sizes for a series of connectors.

The decision below will mean that every catalog number or size designation used by thousand of companies to designate the characteristics of thousands of their products will now be claimed as exclusive trademarks.

In following the logical progression of the decision below, a manufacturer having one thousand different sizes of an otherwise identically constructed product will claim one thousand different numeral-letter trademarks for the single product which only differs in size. As trademarks, such numerals or letters may not be used by any other manufacturer in such industry. The result will be that new manufacturers will be hard pressed to find simple numeral-letter systems to indicate the type, style, size or other characteristics of such product.

The decision below will have a significant impact by dismantling presently existing industry-wide size indicating systems. The decision will have the chilling effect of discouraging the adoption and use of common numbering systems within industries so that consumers will not be able to readily compare prices with respect to otherwise identically constructed goods.

The granting of the preliminary injunction below does not serve the public interest, and is contrary to the principles established by this Court.

2. The law relating to the grant of preliminary injunctive relief articulated by the decision below is sufficiently important and erroneous to merit correction by this Court.

A. The decision below conflicts with principles established in this Court and uniformly followed by the Courts of Appeal by abolishing the heavy burden of proof placed upon a movant claiming common law rights.

There are no presumptions which attach under the common law to the 71B etc. designations, and Ideal bears a heavy burden in proving validity, *Dymo Industries, Inc. v. Tapeprinter, Inc.*, 326 F.2d. 141 (9th Cir. 1964); *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F.Supp. 905, 911 (D.N.J. 1976).

The court below, however, did not place any burden of proof upon Ideal and held that:

"the district court could properly **infer** that the 71B series numbers had acquired secondary meaning. See *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d. 656, 661 (2d. Cir. 1970)". (emphasis added)

The case of *W.E. Bassett Co.*, supra., however, did not involve common law rights, but rather dealt with a federally registered mark having statutorily recognized presumptions of validity (15 U.SC. § 1057b). The Second Circuit stated at page 661:

> "Hence, there is ample evidence to support Judge Frankel's inference that Bassett's "Trim" mark had attained secondary meaning, **especially in view of the patent office's registration of that mark."** (emphasis added)

The Court below recognized the extensive industry wide usage of the 71B series as standard connector size designations by both competitors and customers.

With such extensive third party usage, the Court below erroneously inferred secondary meaning.

In *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 167 U.S.P.Q. 713 (9th Cir. 1970), the Ninth Circuit stated at page 719:

> "Plaintiff attempts to dismiss these third-party uses as minimal or immaterial, but they indicate the obvious: that the term 'sure' is an oft-used one with no special characteristics or distinctiveness of its own. In the present context, **such third party usage is relevant to disprove the existence of trademark rights in the plaintiff."** (emphasis added)

In Re Rockwell-Standard Co., 169 U.S.P.Q. 445 (TTAB 1971), the Trademark Office stated at p. 445:

> "In this regard, the record in this case clearly establishes that at the very time the issue of registrability was under consideration, others in the auotomotive trade were using "fail-safe" in a purely descriptive sense to properly describe their goods **and this would negate any secondary meaning** in the term "fail-safe" as an indicator of origin." (emphasis added)

Also see *Alan Wood Steel Co. v. Watson*, 150 F.Supp. 861 (D.D.C. 1957); *Roselux Chemical Co. v. Parsons Ammonia Co.*, 299 F.2d. 855 (CCPA 1962); *McCormick & Company v. Summers*, 354 F.2d. 668 (CCPA 1966); *American Heritage Insurance Co. v. Heritage Co.*, 182 U.S.P.Q. 77 (5th Cir. 1974).

With such third party usage, the Court below erred in granting the preliminary injunction on the grounds of inferred secondary meaning, *Diamond Match Co., v. Safe Harbor Match Co.*, 109 F. 154 (E.D. Penn. 1901); *Kraft Phenix Cheese Corporation v. Levin*, 29 F.Supp. 813 (E.C. Penn 1939); *Farm Service, Inc. v. U.S. Steel Corp.*, 149 U.S.P.Q. 861 (Idaho S.Ct. 1966)

Proof of secondary meaning entails rigorous evidentiary requirements, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 59 S.Ct. 109, 83 L.Ed. 73 (1938), and particularly when asserted on a motion for preliminary injunction, *Ralston Purina Company v. Thomas J. Lipton, Inc.*, 341 F.Supp 129 (S.D.N.Y. 1972).

The decision below, by **inferring** secondary meaning, improperly abolished the heavy burden of proof always placed upon a movant for preliminary injunction alleging common law rights.

B. The preliminary injunction should not have been granted where "unique issues in the law of trademarks" are involved.

The Court below prefaced its opinion by stating:

> "This case brings up for decision unique issues in the law of trademarks, especially the question whether numbers may become common law trademarks."

In order to arrive at its decision, the Seventh Circuit had to abolish the long standing primary adoption trademark rule which uniformly held that in order for numerals and/or letters to be capable of functioning as trademarks, they

must be primarily adopted for use as trademarks rather than to indicate the characteristics of the product, i.e. style, size, type, etc.

The Court below should not have issued a preliminary injunction when, admittedly, the plaintiff was advancing "unique issues in the law of trademarks", *La Chemis Lacoste v. General Mills, Inc.*, 487 F.2d. 312, 314 (2d Cir. 1973).

C. The Court below totally misapplied the law with respect to irreparable harm, balance of hardships and status quo by granting the preliminary injunction.

The grant of a preliminary injunction is an extraordinary remedy and should only be resorted to in extreme cases where there are little or no issues of law or fact, *Willheim v. Investors Diversified Services, Inc.*, 303 F.2d. 276 (2d Cir. 1972). The Court below found overwhelming irreparable damage to the defendant Gardner with virtually no damage to the plaintiff Ideal.

The Seventh Circuit has abolished, for all practical purposes, the long standing, well-known rule that delay by a plaintiff in seeking preliminary injunctive relief constitutes significant evidence of the lack of irreparable damage to such plaintiff.

The Court below mistakenly applied the law of laches to such situation. The delay constituting grounds for laches is considerably longer and should be distinguished from the delay which constitutes evidence of the lack of irreparable harm sufficient for denying preliminary injunctive relief, *Gillette Co. v. Ed. Pinaud, Inc.*, 178 F.Supp. 618 (S.D.N.Y. 1959); *Peter Pan Foundations v. Beau-Bra Foundations*, 125 F.Supp. 637 (S.D.N.Y. 1955). Such distinction was wholly ignored by the Court below.

In the present case, Ideal waited almost thirteen months before filing its brief in support of the preliminary injunction after it first learned of Gardner's intention to enter the

market with the 71B series designations. Courts in other Circuits have uniformly denied preliminary injunctive relief where such delay occurs, *Programmed Tax Systems, Inc. v. Raytheon*, 419 F.Supp. 1251 (S.D.N.Y. 1976) (A delay of four (4) months from the time plaintiff first learned of the alleged infringement and ten (10) weeks after commencement of the action); *Chase Brass & Copper Co. v. Chase Metalcraft Corp.*, 19 F.Supp. 966 (S.D.N.Y. 1948) (a delay of sixteen (16) months from the time plaintiff became aware of defendant's use); *Fisher v. Holiday Inn of Rhinelander, Inc.*, 181 U.S.P.Q. 794 (Wis. Cir. Ct. 1974) (eight (8) months).

In the present case, Gardner was required to continue in its manufacture of connectors bearing the 71B series designations because of the extreme expense of permanently defacing its four hundred molds. The delay attributable to Ideal resulted in the necessary buildup of substantial inventory required to service the customers of Gardner.

The Seventh Circuit erroneously followed the long discarded Second Circuit rule whereby the Courts of yesteryear implied or inferred irreparable harm under a prima facie showing of infringement. While such doctrine may have doubtful applicability to federally registered marks under statutorily defined presumptions of ownership and validity as involved in *Helene Curtis Industries v. Church & Dwight Co.*, 560 F.2d. 1325 (7th Cir. 1977), it has long been rejected with respect to common law terms. In *Selchow & Righter Co. v. Book-of-the Month Club, Inc.*, 192 U.S.P.Q. 530, 533 (S.D.N.Y. 1976), the Court stated:

> "relying on *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928), plaintiffs assert that in a trademark case a prima facie showing of infringement is sufficient to support the issuance of injunctive relief."
>
> ***
>
> "a review of the more recent cases in this Circuit reveals that the Second Circuit has not adhered to the

view expressed in that case. Rather, the decisions in this Circuit in trademark cases have consistently stated that in addition to a probability of success on the merits a party moving for a preliminary injunction must demonstrate possible irreparable injury."

The Seventh Circuit thus rejected the standard of requiring proof of irreparable damage and reverted to the long rejected theory of implying irreparable harm where the terms are identical.

On the other hand, the Court below recognized the substantial damage that would be inflicted upon Gardner by the imposition of the preliminary injunction. Such damage includes the shutdown of Gardner's manufacturing operations for a substantial period of time, the loss of current inventory of connectors constituting approximately one half of Gardner's net worth, the recall of connectors from dealers, the infliction of irreparable damage upon Gardner's relations with its dealers, and the creation of substantial replacement costs.

Notwithstanding all of the above, the Court below recognized that Gardner had prominantly utilized its trademark and logo to clearly represent to the customers the source or origin of such connectors. The Court below stated in pertinent part:

> "Gardner carton labels . . . bear Gardner's "GB" trademark prominantly, in addition to Gardner's distinctive logo."

In total, the Court below recognized the extreme hardships and irreparable damage that would occur to Gardner whereas the Court improperly inferred irreparable damage to Ideal. The resurrection of the long out-moded and expressly discarded Second Circuit theory of implying irreparable injury constitutes clear reversible error.

The Seventh Circuit has abandoned the previously well-

established principle that a preliminary injunction should not be granted when such disproportionate hardship is caused to the defendant, *Munters Corp. v. Burgess Industries, Inc.*, 535 F.2d. 210 (2nd Cir. 1976); *Allison v. Froehlke*, 470 F.2d. 1123 (5th Cir. 1972); *Clairdale Enterprises, Inc. v. C I Realty Investors*, 423 F.Supp. 261 (S.D.N.Y. 1976); *Merrill Lynch, P.F. & Smith, Inc. v. E.F. Hutton, Inc.*, 403 F.Supp. 336 (E.D.Mich. 1975); *Blaich v. National Football League*, 212 F.Supp. 319 (S.D.N.Y. 1962); *Mount Sinai Med Center of Greater Miami, Inc. v. Mathews*, 425 F.Supp. 4 (S.D. Fl. 1976); *State of Texas v. Seatrain, International, S.A.*, 518 F. 2d. 175 (5th Cir. 1975).

The Court below totally failed to balance the hardships in this case. Further, the preliminary injunction ordered by the Court below destroys the status quo by forcing Gardner to permanently disfigure its 400 molds and, in effect, grants to Ideal the full relief which it seeks at trial. In effect, the Seventh Circuit has reversed its previous decision, *W.A. Mack, Inc. v. General Motors Corporation*, 260 F.2d. 886 (7th Cir. 1958), where the Seventh Circuit stated:

> "A preliminary injunction does not issue which gives to the plaintiff the actual advantage which would be obtained in a final decree."

CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be granted.

Respectfully submitted,

George H. Solveson
735 North Water Street
Milwaukee, Wisconsin

Glenn O. Starke
Gary A. Essmann
ANDRUS, SCEALES, STARKE & SAWALL
Richard A. Kranitz
Of Counsel

Appendices

Appendix A

In the

United States Court of Appeals

For the Seventh Circuit

No. 79-1060

IDEAL INDUSTRIES, INC.,

Plaintiff-Appellee,

vs.

GARDNER BENDER, INC.,

Defendant-Appellant.

Appeal from the United Sates District Court for the Eastern District of Wisconsin
No. 76-C-317 — John W. Reynolds, *Judge*

ARGUED APRIL 24, 1979 - DECIDED NOVEMBER 19, 1979

Before FAIRCHILD, *Chief Circuit Judge*, MOORE, *Senior Circuit Judge*,* and WOOD, *Circuit Judge*.

MOORE, *Circuit Judge:* This case brings up for decision unique issues in the law of trademarks, especially the question whether numbers may become common law

* The Honorable Leonard P. Moore, Senior Circuit Judge of the United States Court of Appeals for the Second Circuit, is sitting by designation.

trademarks. Defendant Gardner Bender, Inc. ("Gardner") appeals from an order dated January 10, 1979 of the United States District Court for the Eastern District of Wisconsin, Honorable John W. Reynolds, *Chief Judge*, which granted plaintiff Ideal Industries, Inc's ("Ideal") motion for a preliminary injunction. Gardner was enjoined from selling any electrical connectors bearing the numbers claimed by Ideal to be its trademarks and using the numbers on the labels of cartons or on sales literature. Gardner also was ordered to recall cartons and connectors in the hands of distributors once modified cartons and connectors become available. The district court stayed enforcement of its order on January 15, 1979; this court continued the stay pending resolution of Gardner's appeal.

Ideal is a Delaware corporation with its principal place of business in Sycamore, Illinois. Gardner is a Wisconsin corporation which has its principal place of business in Glendale, Wisconsin. Both parties are in the business of making and selling various electrical products. The district court's subject matter jurisdiction rested on the diversity of citizenship of the parties. 28 U.S.C. § 1332 (1976).

I.

Understanding of the present controversy requires a brief review of the past. Early in the 1930's Ideal began to market the product now at issue: barrel-shaped, screw-on electrical connectors. These connectors have a hard outer shell made of an electrically-insulating material which is molded around a coiled spring. They connect two or more wires securely when they are screwed onto the bared ends of the grouped wires. Such connectors are usually sold in a range of sizes. Ideal has sold, and continues to sell, a range of six sizes under the trademark "Wire Nut".

Beginning in 1936, Ideal adopted an arbitrary series of numbers to designate the different sizes. The number "71" was applied to the smallest, followed by numbers 72, 73, 74 and 76. There are no records which show whether these numbers corresponded to some characteristic of the connectors other than relative size. In 1946, Ideal began to make these connectors with a Bakelite rather than phenolic shell and added a capital "B" to each of the numbers to indicate the new material. The connectors were identified as 71B, 72B, 73B, 74B, and 76B (hereinafter referred to as the "71B series"). A sixth, larger size was added in 1966 and was designated "78B". Although Ideal has long used a different material than Bakelite, the 71B series numbers have continued to appear on the connectors, on carton labels, in advertising, and in catalogs since 1946.

In 1965 or 1966, Ideal redesigned the cartons, and their labels, in which the connectors were sold. Besides modernizing the look of the label, Ideal increased the size of the 71B series designations so that they became the largest symbol on the labels. Ideal claims that this change was made because the company realized that the 71B series numbers had come to stand for the source of the connector.[1] The labels continued to carry the registered

[1] We reproduce here the labels of Ideal and Gardner for one size of connector.

trademarks "Ideal", "Wire Nut" and a registered crow's-foot design logo representing Ideal. Underneath the 71B series designation appeared the word "model" in parentheses. In 1969 the connectors and carton labels were color-coded to indicate size differences but this change had no effect on the label design or the relative prominence of the 71B series designations.

The 71B series numbers appear on the tops of the connectors themselves to satisfy the requirements of Underwriters Laboratories, Inc. ("UL") and the Canadian Standards Association ("CSA") that electrical connectors be marked with a type or catalog-number designation. The imprints of UL and CSA also appear on the top of Ideal's approved connectors, along with the trademark "Ideal" and numbers which indicate the range of wire sizes which the connector can accommodate. All these markings satisfy the CSA and UL requirements.

Ideal is the dominant firm in the market for barrel-shaped, fixed-spring electrical connectors. Its chief competitors are Hi-Scale Products Corp., Inc. ("Hi-Scale"), ITT Holub Industries ("Holub"), Eagle Electric Mfg. Co. ("Eagle"), and Gardner. Holub sells its connectors under its trademark "Hi" and the size designation series "No. Hi-3", "No. Hi-4" and "No. Hi-6". Beginning around 1972 Holub's carton labels displayed a 71B series number along with the word "size" in a blue circle to indicate the size comparability between Ideal's and Holub's products. Holub's own number series was still the most prominent label designation and contined to appear on the connectors themselves.

Prior to 1975, Hi-Scale's labels bore Hi-Scale's own series numbers, such as "HS-18" or "HS-7" as well as the appropriate 71B series number in smaller print adjacent to the word "size". The connectors displayed Hi-Scale's own

series designations. In 1976, after Gardner entered the market, the 71B series number began to appear on Hi-Scale labels in approximately the same size print as the Hi-Scale series numbers. The 71B series numbers were still accompanied by the adjacent words "Approx. Size".

This case arises from the entry of Gardner into the electrical connector market in 1976. Instead of creating its own series numbers, Gardner adopted the 71B series as the sole type designation for its connectors. In addition, the catalog numbers for each size are similar. While Ideal uses the catalog number "30-073" to represent its 73B connector, Gardner uses "10-073" to represent its own 73B connector. Since Gardner also adopted Ideal's color coding scheme for the connectors, the only way to tell a Gardner connector from one made by Ideal is the presence of a "GB" in place of "IDEAL" on the top of the connectors. All else on the connector is the same. The Gardner carton labels are the same color as Ideal's although they bear Gardner's "GB" trademark prominently, in addition to Gardner's distinctive logo. The word "style" appears next to the 71B series number on the carton labels.

Ideal commenced this action in May 1976, charging that Gardner was engaged in unfair competition and common law trademark infringement. The complaint sought preliminary and permanent injunctive relief and damages. Ideal filed its brief and exhibits in support of its motion for a preliminary injuncttion in January, 1977. Not until November 30, 1978, did the district court hold a hearing on the motion. Ideal relied only on its claim that Gardner was infringing its alleged common law trademark rights in the 71B series; the unfair competition claim was not pressed as support for the for the preliminary injunction. The motion was considered on the affidavits, deposition transcripts and exhibits submitted by the parties as well as the pleadings

and the arguments made at the hearing. The district court expressly absolved Ideal of fault for the long delay between the filing of the motion and the hearing. The district court rendered its decision and order in favor of Ideal on January 10, 1979; Gardner appeals. We affirm with modifications and remand for further proceedings.

II.

The scope of review at this stage is quite restricted. An order granting a preliminary injunction in a trademark case "will not be set aside by a Court of Appeals unless it is contrary to the principles of equity or the result of improvident exercise of judicial discretion". *Doeskin Products, Inc. v. United Paper Co.*, 195 F.2d 356 (7th Cir. 1952). This court recently reaffirmed its view that "abuse of discretion" is the proper standard. *Helene Curtis Industries v. Church & Dwight Co.*, 560 F.2d 1325 (7th Cir. 1977), *cert. denied*, 434 U.S. 1070 (1978). Furthermore, the district court's findings of fact will not be upset unless they are "clearly erroneous", as provided by Fed.R.Civ.P 52(a). *Fleetwood Co. v Hazel Bishop, Inc.*, 352 F.2d 841 (7th Cir. 1965). Therefore, the following discussion of the legal principles governing the alleged trademarks is merely to aid in explaining the court's view that the district court did not abuse its discretion in evaluating the likelihood of Ideal's succeeding on the merits.

The basic issue is whether it is likely that Ideal's 71B series numbers are common law trademarks. Gardner's chief argument on this appeal is that numbers which originally were adopted to indicate different sizes of a product rather than its origin cannot be trademarks. Gardner relies heavily on this court's statements in *William H. Keller, Inc. v. Chicago Pneumatic Tool Co.*, 298 F. 52 (7th Cir. 1923), *cert. denied*, 265 U.S. 593 (1924):

> "There can be no question but what [sic] a number may become a good trade-mark, if its primary adoption be solely to indicate origin. On the other hand, if the figures indicate a grade or a quality only, they may not be the basis for a valid trade-mark." 298 F. at 59.

The numbers at issue in the case indicated the length of a piston stroke in a riveting hammer. The quoted statement was a restatement of the Supreme Court's holding in *Coats v. Merrick Thread Co.*, 149 U.S. 562 (1893), that numbers indicating the size of thread cannot be trademarks. Other courts have made similar general statements. *See, e.g., Fram Corp, v. Boyd*, 230 F.2d 931 (5th Cir. 1956); *Dennison Mfg. Co. v. Scharf Tag, Label & Box Co.*, 135 F. 625 (6th Cir. 1905), *cert. denied*, 201 U.S. 648 (1906). Apparently these courts did not have before them the question whether the numbers indicating style or grade had achieved a secondary meaning as symbols of the source of the goods.

The general rule with respect to descriptive terms was stated by this court as follows:

> "A merely descriptive term specifically describes a characteristic or ingredient of an article. It can, by acquiring a secondary meaning, i.e., becoming 'distinctive of the applicant's goods' (15 U.S.C. § 1150(f), become a valid trademark." *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978).

Substantial authority supports the idea that terms which were originally descriptive of style or grade ought to be treated the same way as any merely descriptive term. *Clairol, Inc. v. Gillette Co.*, 389 F.2d 264 (2d Cir. 1968); 1 J.T. McCarthy, *Trademarks and Unfair Competition*, § 11:15, pp. 371-375 (1973). Thus numbers which describe the size of a product, an aspect of the product's grade, ought to be cap-

able of becoming trademarks if the proponent of the mark can prove secondary meaning. In *Armco Steel Co. v. Watson*, 188 F.Supp. 554 (D.D.C. 1960), the court ordered the Commissioner of Patents to register the numbers 17-4PH and 17-7PH as trademarks designating brands of stainless steel products. The Patent Office had originally denied registration of the marks because the letters "PH" stood for "precipitation hardening", a process used in making the steel, and the numbers described the proportions of metals comprising the stainless steel alloy. The court found that the marks had developed a secondary meaning through long use and advertising, and had thus become trademarks, as well as descriptive terms. In another case, the Trademark Trial and Appeal Board denied registration to a mark which would have infringed the previously registered marks "SK-97", "SK-128", "SK-98", "SK-58" as applied to audio speakers. Although the case did not involve secondary meaning, the Board declared that letter marks are entitled to the same scope of protection as other registered marks. *In re Standard Kollsman Industries, Inc.*, 156 U.S.P.Q. 346 (TTAB 1967). The fact that the 71B series designations are numbers descriptive of size does not prevent them from becoming trademarks if they have acquired secondary meaning.

Gardner further argues that the 71B series designations have become generic or common descriptive terms, which by their nature cannot become trademarks. *Miller Brewing Co. v. G. Heileman Brewing Co., supra*, 561 F.2d at 79-80. In light of Gardner's numerous assertions that the 71B series numbers describe the *size* of a connector, this argument is difficult to understand. "A generic or common descriptive term is one which is commonly used as the name or description of a *kind of goods.*" *Miller Brewing Co. v. G. Heileman Brewing Co., supra*, 561 F.2d at 79 (emphasis added). If

there is any candidate for a generic or common descriptive term among Ideal's marks, its is the registered trademark "Wire Nut", which designates the *kind* of electrical connector characterized by a barrel shape and a fixed, coil spring, yet this term has not, as far as we know, passed into common usage. The term "wire connector" is a generic or common descriptive term which probably could not become the exclusive property of any one producer; otherwise, it would be impossible to tell the buyer what the product is.[2] Since these characteristics do not apply to the 71B series numbers, they do not fit into the category of generic or common descriptive terms.

The 71B series numbers are not "arbitrary" marks in the trademark sense. Although the numbers were chosen arbitrarily in the sense that they do not refer directly to a characteristic of the connectors, the progression of numbers was adopted, and is currently used, to describe the relative sizes of the connectors. Hence, they are merely descriptive, not arbitrary, terms.

Ideal concedes that proof of secondary meaning is necessary and argues that there is enough proof in the record to support the district court's finding that the 71B series numbers do have secondary meaning.

When evaluating alleged proof of secondary meaning, a court should be chiefly concerned with the attitudes of purchasers towards the mark. *Union Carbide Corp. v. Ever-ready Inc.*, 531 F.2d 366, 380 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976). Ideal submitted seven affidavits and eight depositions of its customers from widely separated areas of the

---

[2] For an excellent presentation on the difference between a merely descriptive term and a common descriptive term, see the example of the "Deep Bowl Spoon" in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10 n.11 (2d Cir. 1976), *quoting* Fletcher, *Actual Confusion as to Incontestability of Descriptive Marks*, 64 Trademark Rep. 252, 260 (1974).

country. Twelve of these were from independent wholesalers of electrical equipment, firms which buy connectors from several manufacturers. Three statements came from electrical contractors, the normal end-users of electrical connectors. The district court found that all the persons who gave affidavits or responded to deposition requests stated that they were familiar with the electrical industry, that they regarded Ideal as the source when they saw the 71B series numbers used in relation to electrical connectors, and that they believed that Ideal would be identified as the source of such connectors throughout the industry.[3] The only challenges to these proofs were thirteen affidavits of "individual manufacturer's representatives", and two depositions of officers of Ideal's competitors. The gist of these statements was that the 71B series was used commonly throughout the industry to indicate the size of a connector, regardless of its source.

The district court quite properly discounted the value of the Gardner affidavits because the affiants were Gardner's sales representatives and thus had an interest in belittling the trademark value of the 71B series numbers. The same is true of the depositions by the officers of Ideal's competitors. Furthermore, the exhibits submitted by Ideal represented the opinions of *purchasers* of the product in contrast with Gardner's exhibits. The *Union Carbide* case stressed the importance of *purchasers'* attitudes. When these statements are added to the fact that Ideal has marketed its connectors with the 71B series designations for over 30

[3] Olin Blocker, an electrical distributor from Atlanta Georgia, described in a deposition his perception of the 71B series as follows:

> "Well, I don't recall anybody using these numbers other than Ideal, and it has been, I guess, one of the leaders in the field, and if anybody would say 73B wire nuts, I think that the trade generally thinks of Ideal wire nuts."

years and that during that period Ideal has been the dominant firm (over 80% of the market in 1976) in the market, we conclude that the district court could properly infer that the 71B series numbers had acquired secondary meaning. *See W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 661 (2d Cir. 1970) (properly supported inference of secondary meaning for a merely descriptive term is enough to justify trademark protection).

Of course, at trial Ideal must substantiate the inference that the 71B series designations have come to have a secondary meaning according to the standard stated by Judge Denison in *G. & C. Merriam Co. v. Saalfield*, 198 F. 369, 373 (6th Cir. 1912), *cert. denied*, 243 U.S. 651 (1917):

> "So it was said that the word had come to have a secondary meaning, although this phrase 'secondary meaning' seems not happily chosen, because, in the limited field [the particular trade and branch of the purchasing public], this new meaning is primary rather than secondary; that is to say, it is, in that field, the natural meaning."

See also Restatement of Torts § 716, Comment b (1938); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938). We decide now only that the district court had before it enough evidence to conclude that Ideal was likely to succeed on the merits.

The last issue which relates to the likelihood of Ideal's succeeding on the merits is the question whether Gardner's use of the 71B series numbers will create a likelihood of confusion as to the source of the goods. Gardner's argument that no proof of actual confusion was submitted is unavailing. No evidence of actual confusion is required in order to prove a likelihood of confusion. *Helene Curtis Industries v. Church & Dwight Co., supra*, 560 F.2d at 1330;

W.E. Bassett Co. v. Revlon, Inc., supra, 435 F.2d at 662. Several factors are important in determining the likelihood of confusion: the similarity of the marks, the similarity of the products, the area and manner of concurrent use, the degree of care likely to be exercised by consumers, the strength of the complainant's mark, actual confusion, and intent on the part of the infringer to palm off his products as those of another. *Helene Curtis Industries v. Church & Dwight Co., supra,* 560 F.2d at 1330; *Union Carbide Corp. v. Ever-Ready, Inc., supra,* 531 F.2d at 381-382.

Looking at the facts here, we see that the marks are the same, the products are the same, the manner of use of the marks is the same, and the geographical markets overlap or are identical. As if this were not enough, there is evidence that customers are not very careful in ordering the connectors. Two witnesses stated in depositions that sometimes a customer would ask for connectors by the 71B series number alone, without mentioning a producer. Gardner disingenuously argues that these customers are merely indicating indifference as to the source of the goods. The contrary inference is more likely when one remembers that Ideal has been the dominant supplier of connectors using the 71B series numbers for over thirty years. The likelihood of confusion is almost obvious, and is not reduced by Gardner's decision to copy Ideal's color coding scheme in addition to using the 71B series numbers. This issue is subject to further proof at trial but, for present purposes, the likelihood of confusion is strong enough to justify a preliminary injunction.

III.

In order to obtain a preliminary injunction, a plaintiff must show, in addition to a likelihood of success on the merits, that it will be irreparably injured unless steps are

taken to preserve the status quo. *Helene Curtis Industries v. Church & Dwight Co., supra,* 560 F.2d at 1330. The trial judge must also weigh the relative hardships to the parties. *Id.* The district court found that Ideal was in danger of losing business and losing its current identification as the source of the 71B series connectors and that if Ideal should prevail on the merits the burdens of eradicating impermissible uses of its trademarks would be substantially increased were a preliminary injunction not granted. Apparently Gardner failed to produce evidence of the hardships it would suffer if limited, preliminary injunctive relief were granted. The issue is whether the district court abused its discretion in granting the requested preliminary relief. *Helene Curtis Industries v. Church & Dwight Co., supra.*

Gardner argues that Ideal's long delays in commencing and prosecuting this action have vitiated Ideal's claim that it will be irreparably injured unless a preliminary injunction is granted. Ideal filed its complaint seven month after learning of Gardner's intention to enter the market. Eight months later, after accumulating seven affidavits and eight depositions from independent distributors, Ideal filed the brief and supporting papers on its motion for a preliminary injunction. Twenty-two months after this second filing the district court held the hearing on the motion. In its decision and order the district court stated that the twenty-two month delay after the motion papers were filed was "not fairly attributable to the plaintiff". Apparently the delay resulted from the condition of the district court's calendar.

Gardner is correct in arguing that the plaintiff's delay in moving for a preliminary injunction has been considered by some courts in assessing the probability of irreparable injury. *W.E. Bassett Co. v. Revlon, Inc., supra,* 354 F.2d at 874 n.4; *Programmed Tax Systems, Inc. v. Raytheon,* 419 F.Supp. 1251, 1255 (S.D.N.Y. 1976). However, delay is only one among several factors to be considered; these cases do not

support a general rule that irreparable injury cannot exist if the plaintiff delays in filing its motion for a preliminary injunction. On the contrary, this court has stated that mere passage of time cannot constitute laches. *Helene Curtis Industries v. Church & Dwight Co., supra,* 560 F.2d at 1334. In evaluating the defense of laches, the Helene Curtis court looked to whether the defendant had been lulled into a false sense of security or had acted in reliance on the plaintiff's delay. The delay attributable to Ideal in this case neither lulled Gardner nor caused it to act in reliance on the delay. Hence, the district court was within its discretion when it refused to apply the laches defense in its analysis of Ideal's claim of irreparable injury.

The existence of irreparable injury is positively supported by the fact that the alleged trademark and the infringing use are identical, that the products are the same, and that the markets are the same. These factors by themselves are indicative of irreparable injury. One commentator has noted:

> "Also essential to trademark law is the presumption that use of a trademark or trade name identical with that of a competitor, on similar goods and in a similar business, causes deception and confusion of the public." Nims, *The Law of Unfair Competition in Trademarks* 1078 (4th ed. 1947).

And, as this court has already said, "the damage to the goodwill and prominence of the [plaintiff's] trademark through public confusion of it with the [defendant's] trademark is, in itself, an irreparable injury". *Helene Curtis Industries v. Church & Dwight Co., supra,* 560 F.2d at 1332. *See also Omega Importing Corp. v. Petri-Kline Camera Co.,* 451 F.2d 1190, 1195 (2d Cir. 1971). This readiness to find irreparable injury arises, in part, from the realization "that the most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to con-

trol the nature and quality of the defendant's goods" 4 Callman, *Unfair Competition, Trademarks and Monopolies* § 88.3(b) at 205 (3d ed. 1970). Monetary damages are likely to be inadequate compensation for such harm.

The district court has an obligation to weigh the relative hardship to the parties in relation to its decision to grant or deny a preliminary injunction, even when irreparable injury has been shown. Gardner's brief presents an array of costs which it will have to bear if the preliminary injunction is imposed. Elimination of the 71B series numbers from Gardner's connector molds would shut down its manufacturing operations for at least one month, if Ideal's contentions are accepted, or up to seven months, if Gardner's claims are correct. Gardner's current inventory of connectors, worth approximately $180,000, would be a total loss. This amount is one-half of Gardner's net worth. Ideal's claim that such a high inventory level is the product of mismanagement may be correct; nevertheless, the inventory is a fact which must be considered. Finally, the requirement that all connectors be recalled from the possession of Gardner's distributors would irreparably damage Gardner's relations with its dealers and would create substantial replacement costs.

The district court did not fully discuss the relative hardships of the parties but seems to have been handicapped by Gardner's failure to present all the facts prior to the issuance of the injuncion. In light of the facts presented to us, we affirm the issuance of an injunction but remand for modification of the order for reasons stated below. The hardships which Gardner will suffer do not warrant denial of all preliminary relief to Ideal. One entering a field already occupied by another has a duty to select a trademark that will avoid confusion. *Watkins Products, Inc. v. Sunway Fruit Products, Inc.,* 311 F.2d 496, 499 (7th Cir. 1962), *cert.*

denied, 373 U.S. 904 (1963). *See also Helene Curtis Industries v. Church & Dwight Co., supra,* 560 F.2d at 1333-4. Gardner surely knew that both Hi-Scale and Holub only used the 71B series as size designations and that they used their own series numbers on the connectors and the cartons to indicate the source of the products. In spite of this knowledge, Gardner chose a course which it must have realized would create buyer confusion. Gardner could easily have invented its own series numbers for use on the connectors and thus fulfilled its duty to avoid confusion. Having adopted its course, Gardner cannot now complain that having to mend its ways will be too expensive.

Nonetheless, the facts necessitate a different balance in the hardships suffered by the parties. Prior to and during the long delay before a hearing was held on the preliminary injunction motion, Gardner continued to produce the offending connectors to a point where its current inventory contitutes almost half of its net worth. A remedy like the injunction at issue, which renders this inventory a total loss, seems overly harsh. Gardner claims that there is a risk that it will become insolvent. Ideal would be reasonably protected if the district court fashioned a modification to its order, allowing Gardner to make normal sales from its inventory during the time necessary for Gardner to alter its machinery. Ideal claims the changes can be made in one month; Gardner says they will take seven. This is a question for the district court. The district court should exercise its discretion to ensure that Gardner's sales from inventory will be made in good faith and will not subvert our intent by flooding the market with connectors which may confuse buyers. This modification is necessary to maintain Gardner's cash flow and prevent financial disaster to Gardner from loss of its total inventory.

IV.

Although the record contains sufficient evidence to support a preliminary injunction with the modification suggested above to protect Ideal's alleged trademarks, additional evidence apparently not considered by the district court calls for a further modification of the injunction order. Gardner has raised the defense that its use of the 71B series designations is a "fair use" of the numbers in their descriptive sense only. In situations where a mark has both a trademark function and a descriptive funcion, the "fair use" defense allows a junior user of a mark to use the mark in good faith in its descriptive sense, as opposed to its trademark sense. J. T. McCarthy, *Trademarks and Unfair Competition,* § 11:17 at 377 (1923). The analytical focus of the defense, which exists under both the Lanham Act, 15 U.S.C. § 1115(b)(4) (1976), and the common law, is on how the term is being used. *Venetianaire Corp. of Amrica v. A. & P. Import Co.,* 429 F.2d 1079 (2d Cir. 1970). The typical case involves a term having a descriptive meaning in popular usage which is adopted by some firm to denominate certain of its products. Even though the term has become a trademark as to those products, it may still be used in its original descriptive sense if the use is in good faith. *See Abercrombie & Fitch Co. v. Hunting World, Inc.,* 537 F.2d 4, 12-13 (2d Cir. 1976) (use of word "safari" with respect to clothing).

This case is a slight variant of the typical case. The 71B series numbers had no descriptive meaning prior to their use by Ideal. However, over time they came to have a descriptive meaning which apparently is recognized and used throughout the market. The district court found that it is probable that the 71B series numbers have come to have, in addition, a secondary meaning distinguishing Ideal's products from those of its competitors. These two aspects of

the mark can be recognized. Ideal may prevent use of the terms by others in their trademark sense as symbols of the goods of a single producer such that buyers are likely to be confused, but may not claim an exclusive right to use of the marks in their generally accepted descriptive role. See J.T. McCarthy, *Trademarks and Unfair Competition*, § 11:17 at 379 (1973); Restatement of Torts, § 727, Comment a (1938).

Gardner argues that it only uses the 71B series numbers in a descriptive sense, as indicative of size or style. It claims that its packaging and advertising clearly show use of the terms "size" and/or "style" in conjunction with the 71B. series designations. An examination of the reproduction of Gardner's packaging and advertising contained in the briefs and appendices reveals that the word "style" appears on the carton labels and in the advertising; nowhere does Gardner show that it is using the 71B series to describe "size". Yet Ideal said that the series in part designates size, Ideal's distributors said it indicates size, and Ideal's competitors only use it to indicate size. Even the affidavits submitted by Gardner declared that the designations indicated the size of the connectors. No one but Gardner thinks the series numbers are descriptive of "style" or type.

On the evidence in the record, we conclude that to the extent the 71B series numbers are descriptive, they are descriptive only of size, not of a "style" or "type". When Ideal uses the numbers with the word "model" on Ideal's carton labels, the numbers are being used in their trademark sense. However, in light of the "fair use" doctrine, the district court's order goes too far in prohibiting Gardner from using the 71B series numbers in any way on its cartons. For the purposes of establishing fair preliminary protection for Ideal's alleged trademarks, Gardner should be allowed fairly to use the numbers on Gardner

labels, adjacent to the word "size", to inform buyers of the size of the connectors. A final determination of the scope of the "fair use" defense must await the trial.

Ideal appears to have implicitly accepted this limited use of the numbers in the course of defending the nature of Holub's use of the 71B series numbers in contrast to Gardner's use. It seems that as long as Holub uses its own series numbers on the connectors and in a dominant manner on the carton labels, Ideal has no strong objection to Holub's discreet use of the numbers on the carton as indicators of the size of the connectors. Ideal, of course, condemns Hi-Scale's expanded use of the 71B series numbers, which began on the heels of Gardner's appropriation of the series numbers. In any event, Holub began using the 71B series numbers as size designations on its carton in 1972 and Ideal was aware of that use. Not until five years later, after Ideal commenced this suit, did Ideal object to such use of its alleged trademarks. In all fairness, Gardner should not be preliminarily enjoined from engaging in a use which Ideal allowed to Holub for five years. This conclusion is particularly appropriate where the prior use by Holub appears to be within the scope of the "fair use" defense.

The district court properly enjoined Gardner's use of the numbers on the tops of the connectors to indicate its type, as required by UL and CSA standards. Gardner's decision to adopt Ideal's color coding scheme as well as Ideal's series numbers increases the likelihood of customer confusion. Gardner will have to create its own series designations for use on the connectors in compliance with the UL and CSA requirements until such time as this case comes to final judgment after trial.

In summary, the preliminary injunction should be modified to allow Gardner to sell connectors from its inventory until it can produce connectors without the infringing

numbers on top and to use the 71B series numbers on cartons fairly to describe the size of the connectors. We remand the case to the district court for it to exercise its discretion in modifying its order consistent with this opinion and for trial.

A true Copy:
Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

USCA 4512-Midwest Law Printing Co., Inc., Chicago—11-19-79—300

Appendix B

In the

United States District Court

Eastern District of Wisconsin

IDEAL INDUSTRIES, INC.,
Plaintiff

vs.

GARDNER BENDER, INC.,
Defendant

DECISION AND ORDER
Civil Action
No. 76-C-317

This is an action for unfair competition arising out of the alleged infringement by the defendant Gardner Bender, Inc., of plaintiff's claimed trademark designations 71B, 72B, 73B, 74B, 76B, and 78B upon its electrical connectors. The court has jurisdiction in diversity.

On November 30, 1978, oral argument was held on the motion of the plaintiff Ideal Industries, Inc., for a preliminary injunction. Plaintiff seeks an order restraining Gardner Bender from selling any containers or cartons or from

distributing any literature using such designations on its connectors, and requiring Gardner Bender to recall any such connectors, cartons, or literature which it or its distributors presently have available for sale.[1] For the reasons hereinafter stated, plaintiff's motion will be granted.

The evidence in the record reveals that Ideal has used the number designations at issue since 1936 as arbitrary size designations. It added the B in 1946 to reflect the "Bakelite" composition of the connectors and has continued to date to use the B in conjunction with the letter series although the connectors are no longer made of Bakelite. (Affidavit of William J. Scott, filed May 19, 1976.) There appears to be no dispute that Ideal was the first company to use the alphanumeric series 71B-74B, 76B, and 78B, and that the earliest use of the series by another company occurred in the middle or late 1960's.

Numerals or letters used as size or grade designations only are not entitled to trademark protection. *William H. Keller, Inc. v. Chicago Pneumatic Tool Company,* 135 Fed. 52 (7th Cir. 1905); *Dennison Mfg. Co. v. Scharf Tag, Label & Box Co.,* 135 Fed. 625 (6th Cir. 1905); *Fram Corporation v. Boyd,* 230 F.2d 931 (5th Cir. 1956). They can, however, have trademark status if they have or have acquired a secondary meaning as to source, even though they may originally

---

[1] The original motion and brief in support thereof requested far more extensive relief. Plaintiff at the oral argument and in a subsequent letter to the court dated December 4, 1978, stated that it is modifying its demand to encompass only the use by the defendant of the letter B in conjunction with the number series 71-74, 76, and 78, and also that "Ideal requests that only those connectors currently in boxes in the hands of distributors need be recalled and replaced with new connectors." (Letter from Mr. McSweeney dated December 4, 1978, at page 2.)

have been used only to indicate size.[2] See, eg., *William H. Keller, Inc., supra,* at 59; *Standard Brands, Inc. v. Smidler,* 151 F.2d 34 (2d Cir. 1945); *Armco Steel Corporation v. Watson,* 188 F.Supp. 554 (D.C. D.C. 1960); *K-S-H Plastics, Inc. v Carolite, Inc.,* 408 F.2d 54 (9th Cir. 1969).

In determining whether a symbol has trademark status, one of the primary evidentiary sources is the attitude of purchasers toward the symbol. *Union Carbide Corporation v. Ever Ready Incorporated,* 531 F.2d 366, 380 (7th Cir. 1976), cert. denied 429 U.S. 830 (1976). The evidence of independent customers is particularly valuable because of the difficulty of obtaining such evidence. *Gehl v. Hebe Co.,* 276 Fed. 271 (7th Cir. 1921); *Photoplay Pub. Co. v. LaVerne Pub. Co., Inc.,* 269 Fed. 730 (3d Cir. 1921). In contrast, the testimony of nonindependent company distributors or representatives is of little value. *Application of Duvernoy & Sons, Inc.,* 212 F.2d 202 (C.C.P.A. 1954); *G.D. Searle & Co. v. Chas. Pfizer & Co., Inc.,* 231 F.2d 316 (7th Cir. 1956); *Norm Thompson Outfitters, Inc. v. General Motors Corporation,* 448 F.2d 1293 (9th Cir. 1971).

The record in this case contains seven affidavits and eight depositions of the following persons who claim to be independent customers of Ideal: affidavits filed January 21, 1977, of Morton J. Finkel, Robert E. Oswell, Michael R. Celiceo, Philip Stahlman, Donald J. Folger, Joseph A. Pfab, and Burlyn G. Haber ("Ideal Exhibit Book IV"); deposition transcripts filed January 21, 1977, of Olin B. Blocker, Victor

[2] Defendant argued at the oral argument held on November 30, 1978, that the alphanumeric series at issue is merely a "generic or common descriptive term" for electrical connectors and therefore under no circumstances can become a trademark. *Miller Brewing Company v. G. Heileman Brewing Company, Inc.,* 561 F.2d 75, 79 (7th Cir. 1977). At this time, the series appears rather to be an "arbitrary" term, *Miller,* supra, at 79, see also affidavit of William J. Scott filed May 19, 1976, and therefore would be capable of having trademark status even without a secondary meaning as that term is used in trademark law.

P. Kester, William H. Kent, Richard D. Guyer, Gersil N. Kay, Donald R. Lumsden, Eugene K. Halley, and James M. Fowler ("Ideal Exhibit Book V"). All of said persons state that they are familiar with the electrical industry, that they pesonally regard Ideal as the source when they see the alphanumeric series 71B-74B, 76B, and 78B used in relation to electrical connectors, and that they believe that industry-wide Ideal would be identified as the source of such connectors. Defendant suggests that this evidence should be discredited because it was obtained from "a few of IDEAL's favorite electrical distributors and contractors." (Defendant's answering brief, filed August 1, 1977, at page 28.) There is no competent evidence in the record, however, to show that the witnesses are other than what they claim to be, i.e., independent customers.

In contrast, defendant's witnesses, all of whom state that they regard the 71B-74B, 76B, and 78B series as indicating the sizes of electrical connectors generally and not as indicating that Ideal is the source of the connectors, identify themselves as "individual manufacturer's representatives[s]." See affidavits filed August 1, 1977, of Gene Aberoutte, Philip J. Hersh, Jack Grattan, John S. McGee, Arthur Model, Bernard Rosenblum, Fred W. Stokes, Vernon Walsh, Wiley D. Jones, Gerald N. DePerro, George Finn, Tom C. David, and Carl Bonfert. Defendant also refers to them as its sales representatives. (Defendant's answering brief, filed August 1, 1977, at page 38.) Defendant has also submitted affidavits, filed June 2, 1977, from Paul A. Hauck and Gordon P. Polley who are officers of competitors of plaintiff. In view of plaintiff's claim that said competitors are also infringing its trademark series 71B-74B, 76B, and 78B on their connectors (see Ideal's Exhibit Book VIII, filed August 29, 1977, Tabs A and F), the Court considers that the two affidavits, which state that the series does not indicate origin, are entitled to little weight.

In sum, based on the evidence presently before it, the Court is persuaded that the weight of that evidence supports Ideal's claim of trademark status for its alphanumeric series 71B-74B, 76B, and 78B, for use in connection with electrical connectors.

Defendant argues that even if the series has trademark status, plaintiff has unduly delayed in seeking injunctive relief and therefore cannot claim irreparable injury. A party is entitled to sufficient time for discovery to permit it to gather the evidence which it needs to support a claim for injunctive relief prior to filing a motion for said relief, see *Re: McNeil Laboratories Incorporated v. American Home Products Corporation*, 416 F.Supp. 804 (D.C. D.N.J. 1976); *Nester Johnson Mfg. Co. v. Alfred Johnson Skate Co.*, 144 N.E. 787 (Ill. S.Ct. 1924), and the Court is satisfied that Ideal was not delinquent in pursuing its discovery. (See plaintiff's reply brief, filed August 29, 1977, at pages 28-29.) Delays which occurred subsequent to January 21, 1977, when Ideal filed its brief in support of its motion for injunctive relief, are not fairly attributable to the plaintiff.

The Court is also satisfied that plaintiff will suffer irreparable injury if a preliminary injuncion is not granted. It therefore need not decide whether or not, as plaintiff argues, such a showing is not in any event required. See, e.g., *Wawak & Co., Inc. v. Kaiser*, 129 F2d 66 (7th Cir. 1942). There is unrebutted testimony in the record that customers frequently order connectors by number-letter combination (71B, 72B, etc.) without specifying the manufacturer of the connectors. (See, e.g., affidavits filed January 21, 1977, of Morton J. Finkel, Michael R. Celiceo, Donald J. Folger, Joseph A. Pfab, and Burlyn G. Haber.) There is also evidence tending to show beginning use of the 71B-74B, 76B, and 78B series by manufacturers other than Gardner Bender

at or about and subsequent to the time that Gardner Bender commenced using the series on its connectors. In the Court's opinion, the fair implication of both such types of evidence is that the plaintiff is presently in danger of losing business and of losing in the future its presently held identification as the source of the 71B-74B, 76B, and 78B connectors, and, further, that should plaintiff ultimately prevail on the merits of the suit, its burden of eradicating impermissible uses of its trademarks will be substantially increased if the present use by the defendant, which is the major present infringer, is not enjoined.

Defendant has submitted two affidavits from William E. Gardner, filed May 9, 1977 and August 1, 1977, detailing the injuries which defendant will suffer if an injunction is granted. Those affidavits do not, however, address the issue of the injury, if any, which defendant will suffer if the limited type of relief which plaintiff now seeks is granted, nor is there any other evidence in the record which addresses that point. In consequence, the Court finds no irreparable injury to defendant from its granting of the injunction.

The foregoing shall, pursuant to Rule 52(a) of the Federal Rules of Civil Procedure, constitute the Court's findings of fact and conclusions of law.

IT IS THEREFORE ORDERED that the motion of the plaintiff Ideal Industries, Inc., for a preliminary injuncion is granted, and the defendant Gardner Bender, Inc., its agents, successors, and assigns and all persons acting in privity or concert with them, or any of them, are hereby enjoined and restrained, effective immediately and until further order of this court, except for purposes of comparative advertising, from:

1. Selling any connectors containing the designation 71B, 72B, 73B, 74B, 76B, or 78B thereon;

2. Selling any cartons on which the designation 71B, 72B, 73B, 74B, 76B, or 78B appear;

3. Selling any cartons on which catalog numbers containing the number 71, 72, 73, 74, 76, or 78 appear; and

4. Distributing any literature, including without limiting the foregoing, brochures and/or price lists containing the designation 71B, 72B, 73B, 74B, 76B, or 78B for Gardner Bender connectors, or catalog numbers containing the designations 71, 72, 73, 74, 76, or 78 for Gardner Bender connectors.

IT IS FURTHER ORDERED that as soon as new brochures and price lists are available, they will be distributed to Gardner Bender's customers, and those customers shall be requested to destroy copies of prior brochures and price lists.

IT IS FURTHER ORDERED that as soon as Gardner Bender, Inc., has its cartons and connectors modified as ordered above, it will call back the cartons and connectors currently in the hands of distributors and replace them with the revised cartons and connectors.

IT IS FURTHER ORDERED that Ideal Industries, Inc., shall file a surety bond in due form in the amount of $25,000 within three working days of the filing date of this decision and order.

Dated at Milwaukee, Wisconsin, this l0th day of January, 1979.

John W. Reynolds, Chief Judge

Supreme Court, U. S.
FILED
MAY 22 1980
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-1680

GARDNER BENDER, INC.,

Petitioner,

vs.

IDEAL INDUSTRIES, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

ALFRED H. PLYER, JR.,
Attorneys for Respondent.

Gunthorp-Warren Printing Company, Chicago • Financial 6-6565

TABLE OF AUTHORITIES

	PAGE
Columbia Mill Co. v. Alcorn, 150 U. S. 461 (1893)	2
Coats v. Merrick Thread Co., 149 U. S. 562 (1893)	2
Amoskeag Mfg. Co. v. Trainer, 101 U. S. 51 (1880)	2
William H. Keller, Inc. v. Chicago Pneumatic Tool Co., 298 Fed. 52 (7th Cir. 1923)	2
Erie Railroad Co. v. Tompkins, 304 U. S. 64 (1938)	2
Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U. S. 315, 335 (1938)	3
The American Tobacco Co. v. Samuel Materezzo, 2 U. S. P. Q. 250 (Comm. Pat. 1929)	3
Coca-Cola Company v. Koke Company of America, 254 U. S. 143 (1920)	3
Arthur Guiness, Son & Co. v. Oscar Von Bernuth, 14 F. Supp. 210 (D. C. S. D. N. Y., 1923)	3
Mishawaka R. & W. Mfg. Co. v. S. S. Kresge Co., 316 U. S. 203 (1941)	3
U. S. v. U. S. Gypsum Co., 333 U. S. 364 (1948)	4
U. S. v. Corrick, 298 U. S. 435 (1936)	4

Rules

Rule 19, Rules of Supreme Court	1
Rule 15(g), Rules of Supreme Court	4

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-1680

GARDNER BENDER, INC.,

Petitioner,

vs.

IDEAL INDUSTRIES, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

This is a routine trademark-unfair competition case of interest only to the litigants. Petitioner comes to this Court with adverse findings of fact, conclusions of law and a judgment of the trial court which has the full concurrence of the Court of Appeals with certain modifications not here pertinent. None of the reasons outlined in Rule 19 of this Court govern this petition.

The petition presents no principle of importance to the public as distinguished from that of the parties and asserts no real and embarrassing conflict of opinion and authority between different Courts of Appeal.

Petitioner's first and foremost complaint is that the courts below abolished what it characterizes as the "primary adoption" test in determining whether or not the designations in question, the 71B series, have acquired trademark significance. Petitioner seeks to create the so-called primary adoption test by quoting out of context from ancient decisions of this Court without any pretense that the so-called primary adoption test was the holding in any of those cases.

In *Columbia Mill Co.* v. *Alcorn,* 150 U. S. 461 (1893), cited by petitioner, the designation in question was geographical and had also been used by many others prior to the purported trademark owner. The holding was simply that the designation had not acquired trademark significance.

In *Coats* v. *Merrick Thread Co.,* 149 U. S. 562 (1893), cited by petitioner, the numerals in question were descriptive and generic, so secondary meaning could not arise.

In *Amoskeag Mfg. Co.* v. *Trainer,* 101 U. S. 51 (1880), cited by petitioner, the designation in question was held to be generic.

In *William H. Keller, Inc.* v. *Chicago Pneumatic Tool Co.,* 298 Fed. 52 (7th Cir. 1923), cited by petitioner, others had used the designation previously. So the plaintiff had not acquired or created valid secondary meaning trademark rights.

Additionally, all of those decisions were prior to the decision of this Court in *Erie Railroad Co.* v. *Tompkins,* 304 U. S. 64 (1938) which held that there was no federal common law and required the Federal Courts to apply only the law of the state in which they sit. Hence, even if the decisions cited by petitioner were in point, they are prior to the *Erie* decision and defendant has made no showing that the decisions below are in conflict with the common law of Wisconsin where the District Court here sits.

Petitioner's primary adoption rule is difficult to understand. Evidently petitioner is contending that the Court must look to the state of mind, i.e. the intention, of the trademark owner at

the time that the designation in question came into being. Petitioner's point seems to be that if the owner only intended at the time of adoption that it be something other than a trademark, it cannot thereafter become a trademark regardless of its manner and length of use and acceptance by the public as an indication of origin. This conflicts directly with the law of secondary meaning.

The doctrine of secondary meaning is too well established to require extensive citations or discussion, see *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.,* 305 U. S. 315, 335 (1938). The owner's state of mind at the time of adoption is irrelevant. Many trademarks in the nature of nicknames were not adopted at all but rather grew up due to public usage and did not result from any conscious decision of the owner. "Luckies" for Lucky Strike cigarettes is a good example, see *The American Tobacco Co.* v. *Samuel Materezzo,* 2 U. S. P. Q. 250 (Comm. Pat. 1929). "Coke" from Coca Cola no doubt was a publicly created nickname, *Coca-Cola Company* v. *Koke Company of America,* 254 U. S.143 (1920). In *Arthur Guiness, Son & Co.* v. *Oscar Von Bernuth,* 14 F. Supp. 210 (D. C. S. D. N. Y., 1923) Judge Hand accorded trademark rights to "Dublin Stout" even though it originated with the public rather than the complainant and in fact was not even used by Guiness.

Petitioner's primary adoption rule flies in the face of the value of trademarks both to the owner and the public. As stated by this Court in *Mishawaka R. & W. Mfg. Co.* v. *S. S. Kresge Co.,* 316 U. S. 203 (1941) at page 205:

> "The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing

> power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.

Against this and the secondary meaning doctrine, petitioner's contention that the state of mind of the owner at the time of adoption should in some way be determinative is misplaced.

Petitioner's second complaint appears to be that respondent is guilty of laches. But that matter was fully aired below by both Courts and petitioner has not shown an abuse of discretion nor that the findings below are clearly erroneous, see *U. S.* v. *U. S. Gypsum Co.*, 333 U. S. 364 (1948). While jurisdiction here is governed by review on a petition for a writ of certiorari and not an appeal permitted by law, the thrust of Rule 15(g) is appropriate, see *U. S.* v. *Corrick*, 298 U. S. 435 (1936). Petitioner does not urge that the District Court here abused its discretion.

Petitioner's third complaint is that the Court of Appeals abolished the heavy burden of proof placed on respondent that a preliminary injunction should not be granted ipso facto where unique issues of trademark law are involved. Petitioner follows this with what is basically a reargument of the facts while omitting those less favorable to it. For example:

1. The 72B series trademarks are used by both parties and are the same. There is no question of whether or not the marks are confusingly similar. They are *identical.*

2. The goods sold by the parties—screw-on electrical connectors—are the same. There is no question of whether or not the products are confusingly similar. They are *identical.*

3. Petitioner and respondent sell to the same customers. So there is no question of whether or not the goods move in the same or similar channels of trade. *They are identical.*

4. Respondent has used the 71B series trademarks for 40 years prior to petitioner. So there is no question of who was first and by how much. *Respondent is 40 years senior.*

5. When petitioner adopted the 71B series he knew of respondent's long use. So there is no question of whether or not petitioner's adoption was innocent or inadvertent. It was *deliberate.*

6. All other parties in the industry use their own size series designation on their products. Petitioner is the only one, in addition to respondent, who applies the 71B series to its product.

Both parties availed themselves of extensive discovery including depositions of customers nationwide and the District Court was fully advised in the matter when it found (B-5b):

> "In some, based on the evidence presently before it, the court is persuaded that the weight of that evidence supports Ideal's claim of trademark status for its alpha-numeric series 71B-74B, 76B, and 78B, for use in connection with electrical connectors."

Upon reviewing the evidence the Court of Appeals found (A-10a):

> "When these statements are added to the fact that Ideal has marketed its connectors with the 71B series designations for over 30 years and that during that period Ideal has been the dominant firm (over 80% of the market in 1976) in the market, we conclude that the District Court could properly infer that the 71B series numbers had acquired secondary meaning."

Petitioner does not contend that the Courts below were not fully advised in the matter.

Petitioner's fourth complaint is that the District Court abused its discretion in misapplying the law as to irreparable harm, balance of hardships and maintaining the status quo before granting the preliminary injunction. This is followed with a

reargument of the evidence without any showing of an abuse of discretion. In commenting that petitioner knew that other competitors used their own series numbers on their connectors and cartons to indicate the source of their products the Court of Appeals pointed out (A-16a):

> "In spite of this knowledge, Gardner chose a course which it must have realized would create buyer confusion."

In summary, petitioner's primary adoption rule has no support in decisions of this or any other Court, is directly contrary to the protection of the public interest which is basic to trademark-unfair competition law and is a myth manufactured by quoting out of context from out-of-date decisions. Respondent urges that the District Court properly granted a preliminary injunction and that the Court of Appeals properly ruled in respect of all matters pertinent to the preliminary injunction.

There is no conflict here with decisional law of this or any other Circuit. The issues present no matters of general public interest. The petition should, we submit, be denied.

Dated, Chicago, Illinois this 23 day of May, 1980.

Respectfully submitted,

ALFRED H. PLYER, JR.,
Attorney for Respondent.